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11 October 1962

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CENTRAL INTELLIGENCE BULLETIN



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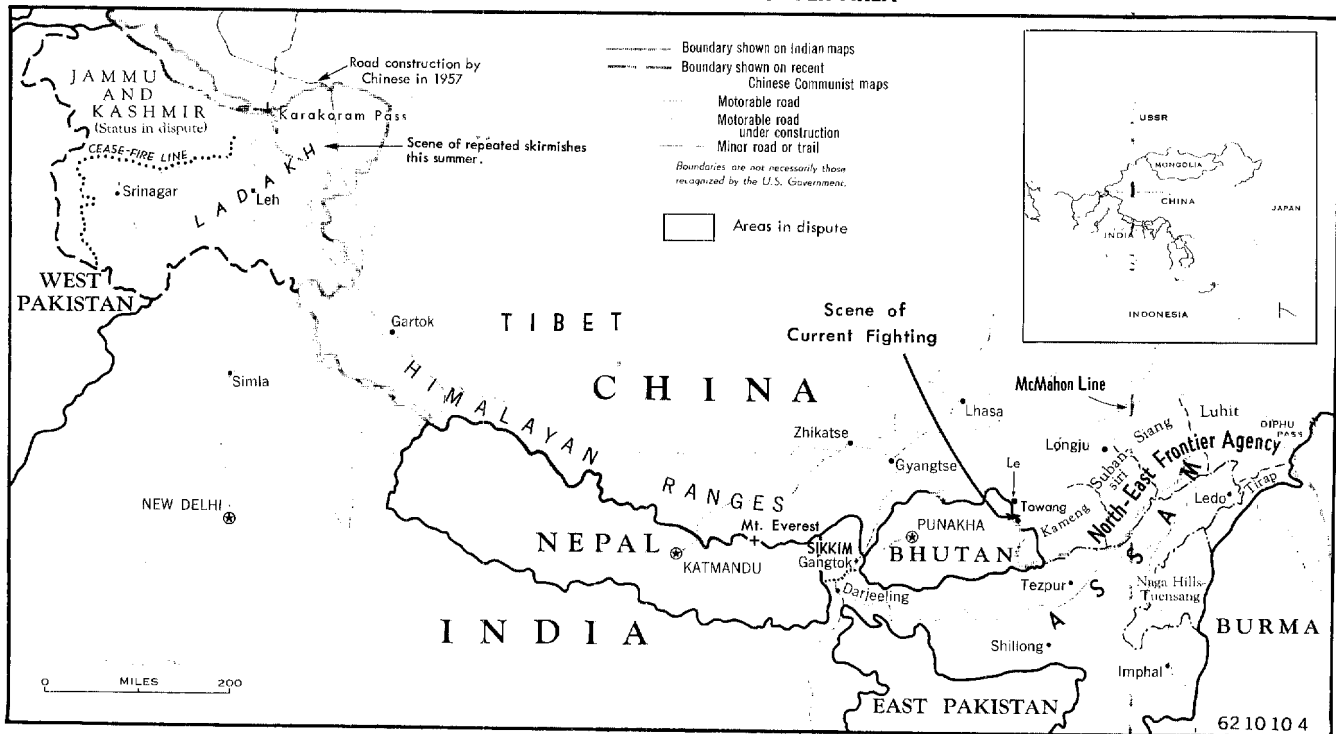
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COMMUNIST CHINA - INDIA BORDER AREA



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*Sino-Indian Border: (The clash on 10 October between Indian and Chinese troops in the disputed area along the McMahon Line appears to have involved the largest number of men in any clash to date.)

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(According to Peiping, the fighting was precipitated by an Indian attack on positions the Chinese have held since early September. The Chinese admit to 11 casualties in this encounter.)

(This is the first time in the month-long confrontation that either side has gone beyond harassing fire. The clash suggests that India has begun an effort to make good its threat to push the Chinese north of what New Delhi claims is the McMahon Line in the area.)

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Communist China - Australia: (Communist China has arranged to purchase 680,000 tons of wheat from Australia.)

(Payment terms call for 10 percent in cash and the balance within 12 months of delivery. Delivery dates are as yet unspecified.)

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(Thus far in 1962 China has agreed to purchase over 5,300,000 tons of grain, only 500,000 tons below the amount contracted for in 1961. Despite Peiping's claim that the 1962 harvest will be "slightly better" than in 1961, the food situation will remain tight. Further grain imports in 1963 can be expected.)

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Yugoslavia-Poland: Yugoslavia has just revealed that it has been granted a credit of several million dollars by Warsaw--the first credit of any kind that Belgrade has received from the bloc since 1956.

The credit, negotiated earlier this year, is earmarked for the purchase of unspecified types of technical equipment. It probably reflects Yugoslavia's improved political relations with the bloc.

Yugoslav diplomats have indicated that they expect Soviet credits next year. 25X1

Laos: North Vietnam has officially charged that US military personnel, disguised as civilians, remain in Laos in violation of the Geneva accords.

According to a Western press report from Vientiane, the North Vietnamese declaration was handed to Laotian Foreign Minister Quinim Pholsena on 9 October.

In recent weeks, Communist propaganda has singled out the US Embassy and various US civilian agencies in Vientiane as "cover" for concealed military personnel. The North Vietnamese, who themselves have significant forces dispersed in Laos, anticipate US charges of violation and are moving to confuse the whole issue. 25X1

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*Brazil: Partial returns on Sunday's elections--reflecting less than a quarter of the total vote in the country--have failed to show conclusive trends.

The eleven gubernatorial races are extremely tight except in Sao Paulo, where conservative machine politician Adhemar de Barros is increasing his lead over former President Quadros.

In Pernambuco, pro-Communist Miguel Arraes is slightly behind conservative Joao Cleophas. The vote was somewhat lower than expected in the state capital, where Arraes is strong.

In President Goulart's home state of Rio Grande do Sul, Egidio Michaelson of Goulart's Labor Party is slightly behind conservative Ildo Meneghetti, with Fernando Ferrari, Goulart's long-standing enemy, now counted out of the race.

Extreme leftist Silveira has a small initial lead in a five-way race in the state of Rio de Janeiro.

Conservatives appear to have small leads over leftist opponents in Bahia and Sergipe and a more sizable lead in Ceara.

Only the vice governorship was at stake in anti-Communist Governor Lacerda's state of Guanabara, but the race has considerable importance because Guanabara includes the city of Rio de Janeiro. Leftist Eloy Dutra, a bitter enemy of Lacerda, has a slight lead over Lacerda's candidate.

In elections for the Senate--where most candidates are moderates--a millionaire industrialist

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close to pro-Communist Miguel Arraes appears to be winning in Pernambuco and an extreme leftist is in the lead in Rio de Janeiro State. In Guanabara, a candidate of the far left Socialist Party is apparently outdistancing all other candidates.

Almost no federal deputy returns are available. Goulart's anti-US brother-in-law Leonel Brizola appears, however, to be winning heavily in Guanabara. Early returns in Rio Grande do Sul indicate that Goulart's Labor Party may win a majority of that state's deputy seats.

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*Venezuela: Government action to halt the leftist violence has eased tensions somewhat but the political situation remains unstable.

Military leaders reportedly have given President Betancourt an ultimatum to outlaw the Communist Party and the Movement of the Revolutionary Left (MIR) or face overthrow. If Betancourt is unable to allay military pressure by other means, he may have to accede to the military's demands. It is still undetermined whether the Social Christian Party (COPEI) would agree to the severe action demanded by the military.

While more than 300 terrorists have been arrested since constitutional guarantees were suspended on 7 October, disturbances continue in the capital. Police and security officials will probably be unable to eliminate the violence as long as the Communist and MIR leaders remain at large, according to the US Embassy.

Betancourt plans to meet with COPEI leaders and labor officials in hopes of gathering support for further government action.

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*Argentina: (The Peronist Coordinating Council has drawn up a list of demands as the price of its cooperation in returning the country to constitutional normalcy.)

(These demands will provoke a strong reaction from hard-line military elements opposed to the early resumption of activity by political parties. The demands will also complicate the efforts of the Guido regime to achieve unity of democratic elements.)

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They call for repeal of the proscription of the Peronist party, complete freedom for all sectors of Argentine political life, a timetable permitting installation of a new president by 1 May, repeal of restrictions on organized labor, and adoption of an economic plan to benefit the lower classes and stimulate economic development.)

(The Peronists also demand that Peron be allowed to return to Argentina, with restitution of his citizenship, military rank, and economic assets, when constitutional normalcy is restored.)

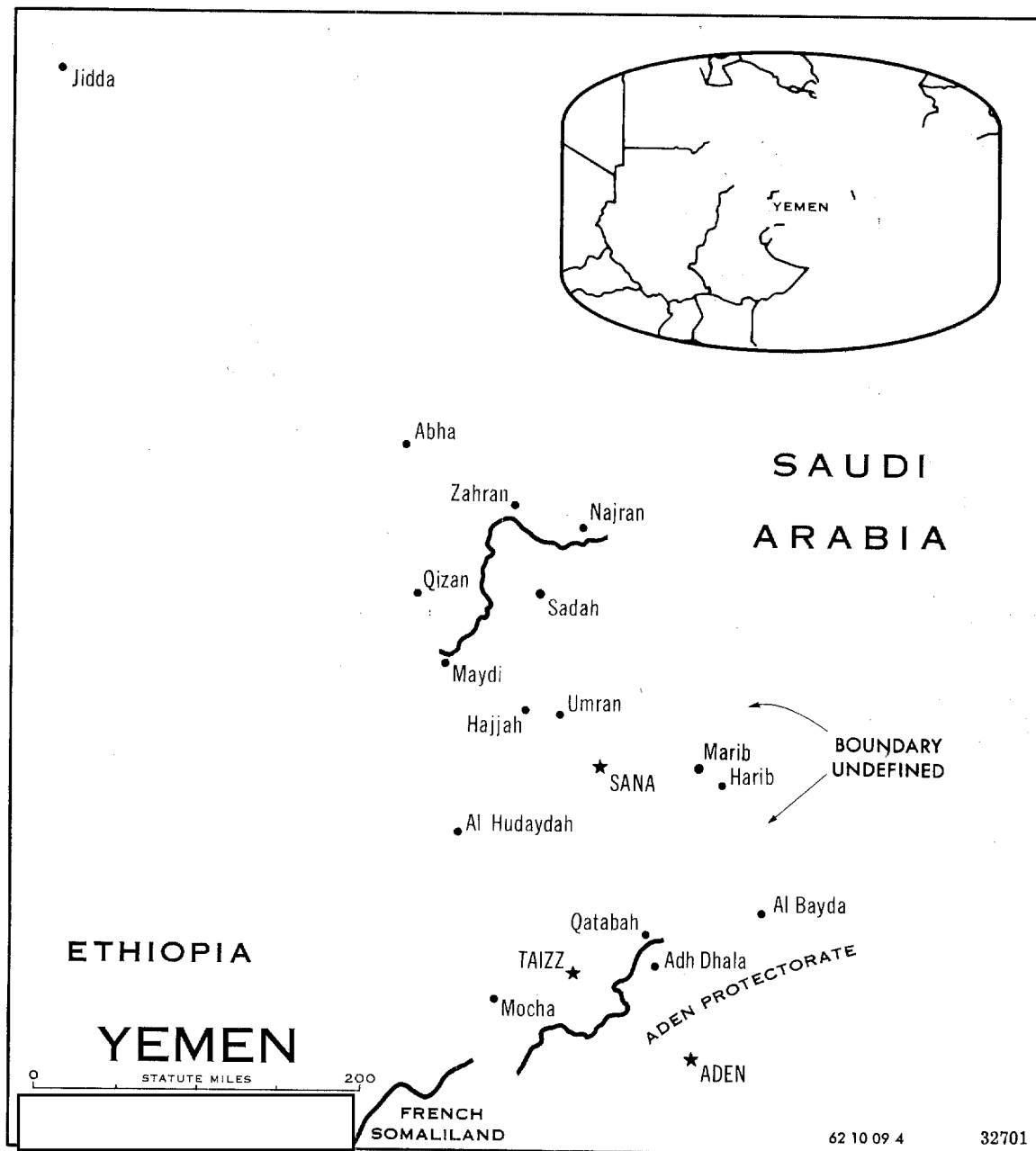
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Yemen: The buildup of UAR troops and equipment in Yemen is continuing. Some Egyptian troops are being immediately committed against key areas of tribal resistance.

*Yemeni Deputy Prime Minister Baydani, according to a Middle East News Agency dispatch, charged last night that Saudi actions in the present situation were tantamount to aggression, and stated that Yemen therefore considers itself to be in a state of war with Saudi Arabia.

*This statement, while certain to add to tensions in the area, appears to be primarily an attempt to justify the presence in Yemen of Egyptian forces. It follows frequent recent assertions by Cairo that the UAR, under the old "Jidda Pact" signed in 1956 by Egypt, Yemen, and Saudi Arabia, would defend Yemen against outside aggression.

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[redacted] in Sana have reported seeing a plane resembling an AN-12, together with a Russian crew. The Yemeni revolutionaries have used Soviet pilots who were already in Yemen

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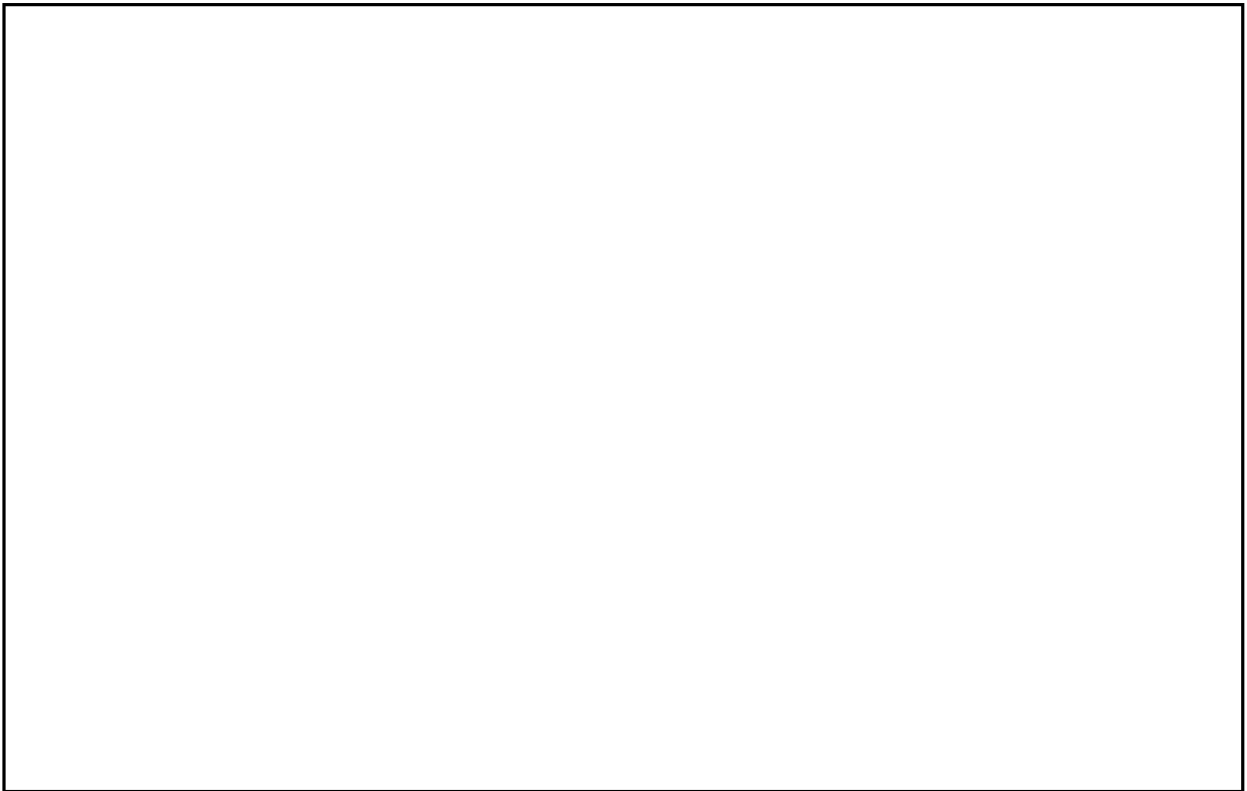
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under an agreement with the old regime to fly
supplies and pay to army outposts.

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